

## **FISCAL NOTE**

### **SB 1629 - HB 1330**

March 5, 2007

**SUMMARY OF BILL:** Makes theft involving a fiduciary relationship a Class B felony and enacts the *Employee Benefit Protection Act* which requires annual reporting and auditing of small employer benefit plans.

#### **ESTIMATED FISCAL IMPACT:**

**Increase State Expenditures - \$280,000 Recurring**  
**\$20,200 One-Time**  
**\$112,100 / Incarceration\***

##### Assumptions:

- The Department of Commerce and Insurance will need four positions to conduct the required audits.
- A recurring increase in state expenditures to fund the salary, benefits and operational expenses of four positions and a one-time increase in state expenditures for office furnishings and computer equipment.
- One offender per year will serve an additional 2.1 years for the Class B felony offender of theft involving a fiduciary relationship (an increase from a Class E at 0.3 years to a Class B at 2.4 years). According to the Department of Correction, the average operating cost per inmate per day for calendar year 2007 is \$60.16. The cost per inmate at 0.3 years is \$6,592.33 (\$60.16 x 109.58 days). The cost per inmate at 2.4 years is \$52,736.26 (\$60.16 x 876.60 days). The additional cost from increasing the average sentence length from 0.3 years to 2.4 years is \$46,143.99 (\$52,736.26 - \$6,592.33).
- One offender per year will serve an additional 1.8 years for the Class B felony of theft involving a fiduciary relationship (an increase from a Class D at 0.6 years to a Class B at 2.4 years). The cost per inmate at 0.6 years is \$13,184.06 (\$60.16 x 219.15 days). The cost per inmate at 2.4 years is \$52,736.26 (\$60.16 x 876.60 days). The additional cost from increasing the average sentence length from 0.6 years to 2.4 years is \$39,552.20 (\$52,736.26 - \$13,184.06).
- Two persons will be convicted of the Class D felony offense for violation of the employee benefit protection act and will serve 0.6 years (219.15 days). The cost per inmate at 0.6 years is \$13,184.06 (\$60.16 x 219.15 days).

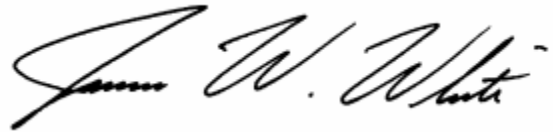
days). The total additional operating cost for two offenders is \$26,368.12 (\$13,184.06 x 2).

- No significant incarceration cost increase will occur due to population growth in this period.

*\*Tennessee Code Annotated, Section 9-4-210, requires that: For any law enacted after July 1, 1986, which results in a net increase in periods of imprisonment in state facilities, there shall be appropriated from recurring revenues the estimated operating cost of such law. The amount appropriated from recurring revenues shall be based upon the highest cost of the next 10 years.*

### **CERTIFICATION:**

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink, reading "James W. White". The signature is fluid and cursive, with the first name "James" and last name "White" clearly legible, and "W." in the middle.

James W. White, Executive Director